# PORTFOLIO UPDATE

## HNW Australian Equity Income Concentrated Portfolio

Monthly Report October 2026

HNW NEXUS Planning
HNW Planning Pty Ltd | ABN 42 083 745 055

- The **HNW Australian Equity Income Focus Portfolio** had a strong month, up 2.9%. The key themes driving markets over the month played well to the current portfolio positioning, with a large weight to energy and insurance and no tech exposure.
- As expected, no Portfolio companies declared dividends in October, which is a "dead" month coming between the mid-year reporting season and the November banks reporting season. This will change in November, with healthy dividends expected from Portfolio companies reporting profit results.

| | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | 12m rolling | Incept annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HNW Equity Income Concentrated Portfolio | 0.4% | 0.9% | 0.4% | 3.7% | -1.4% | 1.3% | 0.4% | 1.9% | 2.4% | -3.0% | 0.6% | 2.9% | 10.8% | 5.4% |

### Portfolio Objective

Investment decisions are determined by the ability of the companies to maintain or grow income to shareholders or that are likely to provide franking credits (including contemplation of possible off-market buybacks).

### Appropriate Investors

Pensioners or otherwise low marginal tax rate investors who might have more limited resources or otherwise use other investments as a diversifier.

### Portfolio Details

| | |
|---|---|
| Benchmark | Not Aware |
| Number of Stocks | 10-15 |
| Asset Allocation | 100% Equity |
| Inception Date | 30th November 2022 |
| Security Target | within 5% of S&P ASX 200 weights |

### Market Update

The key news this month was the rise in global bond yields, driven by higher oil prices, inflation and large debt issuance to fund AI hyperscalers. Governments globally that need to refinance ever-increasing amounts of debt now have a competitor for capital that did not exist a few years ago. In 2026, tech and AI companies are expected to raise between US$300 and $570 billion in debt, rising to US$1 trillion in 2027.

Oil posted strong gains in October 2026, up +16% to US$113/bl, marking its fourth consecutive monthly increase driven by supply concerns and increasing tensions with Iran

### Top Positions August 2026 Yield (incl-franking)

| Position | Yield |
|---|---|
| Woodside | 8.0% |
| ANZ Bank | 6.8% |
| Transurban | 5.0% |
| Westpac | 6.2% |
| Ampol | 8.0% |

### Estimated portfolio metrics for FY27

| | ASX 200 | HNW Con |
|---|---|---|
| PE (x) fwd. | 17.5 | 15.0 |
| Dividend yield (net) | 3.4% | 5.2% |
| Est Franking | 67% | 81% |
| **Grossed Up Yield** | **4.3%** | **6.8%** |
| Number of stocks | 200 | 15 |
| Avg mcap $B | 11 | 55 |
| Beta (3mth rolling) | 1.0 | 0.91 |

Source: Bloomberg & UBS

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### Portfolio Performance

In October, the **HNW Australian Equities Income Concentrated Portfolio** increased by +2.9%.

Positions in *former problem child* Arena REIT (+25%), QBE Insurance (+12%), ANZ (+7%) and Westpac (+5%) added value. On the negative side of the ledger, Ampol (-13%) hurt performance, along with Dyno Nobel (-3%), but the portfolio had few issues in October.

We were very pleased to see Arena REIT's management move so swiftly to find alternative childcare operators to take over the leases from Edge Early Learning as the troubled company slipped into administration.

In hindsight, the HNW Investment Committee's decision to add to Arena REIT in early September was prescient.

### Portfolio Trading

No trading was done this month

#### Performance Calculation Methodology

The following conventions have been adopted for calculating performance:

- Transaction expenses of 10bp are applied to Portfolio buy and sell. Transaction expenses are capitalised into the cost base. Rebalancing transactions incur transaction expenses.
- Cash-flow from dividends is credited on the ex-date rather than the pay date. Franking is not considered which is consistent with the calculation methodology of the benchmark. Cash flow from dividends is assumed to be reinvested in issuer stock at the closing price on the ex-date.
- The Portfolio can participate in entitlement-based capital raisings, however, cannot participate in institutional raisings. The Portfolio must fund the required amount by the sale of the equivalent amount of equity. In the event of a subsequent scale-back the Portfolio will also record the pro-rata amount of script issued.
- Performance does not include consideration of taxation including capital gains tax.
- Performance numbers are presented on an unaudited basis

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